

Message Text

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TOSEC 387

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: STATEMENT ON CANADA'S OIL EXPORT POLICY

FOR: AMBASSADOR ANDERSON

1. FOLLOWING IS GUIDANCE GIVEN PRESS OFFICE REGARDING
MINISTER MACDONALD'S STATEMENT ON CANADIAN OIL EXPORT
POLICY:

1. WE HAVE KNOWN FOR MORE THAN A YEAR OF THE LIKELI-
HOOD THAT CANADA'S OIL EXPORTS TO THE U.S. WOULD BE PHASED
OUT AROUND THE END OF THE PRESENT DECADE.

2. BECAUSE SOME AREAS OF THE MIDDLE WEST HAVE RELIED
ON CANADIAN CRUDE OIL IT HAS BEEN OUR HOPE AND OUR
EXPECTATION THAT ANY REDUCTION IN CANADA'S EXPORTS TO
THE U.S. WOULD BE PHASED OUT OVER A NUMBER OF YEARS TO
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PERMIT THE ORDERLY READJUSTMENT OF THE REFINING AND

DISTRIBUTION SYSTEMS IN THOSE AREAS.

3. WE ARE PLEASED TO NOTE THE CONSIDERATION GIVEN BY THE CANADIAN GOVERNMENT TO THE TRADITIONAL RELIANCE OF NOTHERN TIER REFINERIES UPON CANADIAN CRUDE OIL.

4. AT THE SAME TIME WE ARE SOMEWAHT DISAPPOINTED TO LEARN FROM MINISTER MACDONALD'S ANNOUNCEMENT THAT THE CANADIAN GOVERNMENT PROPOSES TO SHUT IN THE PRODUCTION OF SOME QUANTITIES OF OIL AND THUS TO REDUCE EXPORTS TO

THE U.S. EVEN MORE RAPIDLY THAN RECOMMENDED BY THE NATIONAL ENERGY BOARD.

5. IT IS OUR HOPE THAT THE CANADIAN GOVERNMENT, WILL AFTER CONSULTATIONS WHICH IT PLANS WITH THE CANADIAN PROVINCES, DECIDE NOT SHUT IN PRODUCTION SURPLUS TO CANADA'S CURRENT REQUIREMENTS AND THUS CONTINUE TO MAKE SUCH OIL AVAILABLE FOR EXPORT.

2. MACDONALD'S STATEMENT ACCEPTED NEB RECOMMENDATION FOR REDUCED EXPORT LEVELS BETWEEN BEGINNING 1975. HE WENT BEYOND THIS HOWEVER BY INTENTION TO CONSULT PROVINCES ON BY "SHUTTING-IN" IN MID-1975 25,000 B/D ALLOCATED FOR MONTREAL PIPELINE IN LIEU OF CONSIDERING THIS VOLUME TEMPORARILY SURPLUS TO CANADIAN REQUIREMENTS UNTIL PIPE-LINE BUILT. FOLLOWING IS ANTICIPATED SCHEDULE OF PHASE DOWN OF EXPORTS:

NOV 1974 (EST)	800,000 B/D
JANUARY 1, 1975	800,000 B/D
JULY 1, 1975	650,000 B/D
JANUARY 1, 1976	560,000 B/D
" 1977	400,000 "
" 1978	290,000 "
" 1979	210,000 "
" 1980	140,000 "
" 1981	75,000 "
" 1982	30,000 "
" 1983	5,000 " INGERSOLL

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